To: Federal Communications Commission

From: Phil Wright
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Subject: Merger of Sirius and XM Satellite Radio

I support the merger of Sirius and XM satellite radio companies and the transfer of the 2 licenses to the surviving company. Since the licenses were granted there has been a clear and significant increase competition in audio listening competition both in the car and elsewhere. The increased choice that will come from this merger is in the public interest.

Competition

Number one in that increase in competition is the Ipod/MP3 players that have become prevalent throughout the U.S. Some point out the difference between live and recorded content as a way of distinguishing between satellite radio and the Ipod/MP3 players. That is a distinction without a difference. In fact, very little of the content provided by Sirius and XM is truly "live". Almost all of the music which dominates the bandwidth of both providers is the same recorded content that is available on the Ipod/MP3s (mostly from free downloads from the internet or exchanges between friends). The fact that this content is largely free (paid downloads make up only a small fraction of the music stored on these multi-gigabyte devices) will keep prices in check for the merged company for a long, long time. The only live content of any significance is rebroadcast of news and sports – both of which have multiple sources both in the car (terrestrial radio and cell phones), home (terrestrial radio, television, cell phones, the internet). Even personality driven content could be available on devices like the Ipod if Apple or someone else decided there was a business model to podcast that type of content. Howard Stern's West Coast feed and multiple repeats throughout the day are all recorded – live is a small distinction without a difference.

The FCC recognized some of this other competition when it granted the 2 licenses. Some may compare CD players to Ipod/MP3s, but this comparison is only relevant in that they are both storage devices. The massive storage ability of the Ipod/MP3s today allow users to carry with them 1000's of songs of multiple genres -- try that with CDs – they are not comparable in any relevant measure. FM modulators and cassette adopters (technology similar to that used with aftermarket applications for satellite radio) are available to make playing the Ipod over the car radio very easy. The Ipod/MP3 jacks that OEMs are putting into new cars today make use of Ipod/MP3s even easier.

One choice for many consumers is "do I pay satellite radio $12.95 a month or do I just hook up my Ipod with all its free music downloaded/borrowed from others and listen to that". At $12.95 a month the choice for me is satellite radio – I don't like the bother of downloading music and enjoy having someone else do the programming for me as long as the price is reasonable compared with other choices. The choice for my neighbor is the Ipod. He doesn't mind spending time downloading and doesn't want to pay $12.95 for the satellite radio service. If the post merged company wants to raise prices, I may start agreeing with my neighbor.

The point is there is choice that represents real competition. The Ipod is just one of those choices. There is still free radio. There are cell phones for specialized content as well as music. There is the internet. There is Slacker. And more.

Churn is an important indicator of competition. Each of these services will churn out around 20% of their subscriber base each year. Most of this churn will not go to the other satellite radio company. It will leave satellite radio completely. Subscribers will make a choice that other audio entertainment competition better fits their listening needs and economic means. This is different than churn experienced by pay TV services -- there churn is between essentially 2 or 3 providers – DISH/DTV or the local cable company. People keep paying for TV, they just change providers. When satellite radio loses a subscriber they go back to terrestrial, ipods, internet, etc. – they don't stop listening to music, they go to other, non-satellite radio competitors.

There is competition – the FCC should approve this merger.

Public Interest

As to the public interest in approving the merger, it is clear that the merged company will be in the position of providing more content choices at competitive prices once these companies are combined. Today buyers of GM vehicles get essentially only one choice when it comes to satellite radio – XM has a virtual "monopoly" with GM buyers, yet they don't raise prices beyond those of Sirius. Buyers of Ford vehicles get essentially only one choice when it comes to satellite radio – Sirius has a virtual "monopoly" with Ford buyers, yet they don't raise prices beyond those of XM. And so it goes OEM by OEM. The satellite radio companies see economic value in these exclusive arrangements and know that it makes it difficult for the consumer to switch between services or they would not have made these arrangements.

Of course these are "monopolies" only in the very narrow and totally inappropriate definition of satellite radio as its own limited market. All of those GM and Ford buyers have another choice – don't buy a car with satellite radio and if the one you buy has it, don't pay for it. Not paying for satellite radio is a choice that 50% of consumers make when purchasing a new car with a factory installed satellite radio. A much higher percent buy a car equipped not even equipped with satellite radio. Very few of those GM car buyers that don't pay for XM go out and purchase a Sirius receiver – it is not the only choice – this is much more competition for their listening needs.

So these exclusive OEM deals are good for the satellite radio companies and good for the OEMs, but are they good for the consumer? No. They limit the ability of the consumer that likes satellite radio to make a choice. If I by a GM vehicle and want the

NFL and MLB, I have to buy a Sirius receiver in addition to the XM receiver already installed. Then I have to pay both service $12.95 a month. The merger will give us the best from both services at lower prices.

It is also important that the merged company be able to retain both licenses. The availability of the full spectrum is essential over the next few years so as to not disadvantage the subscribers of one of the services. Once interoperable receivers are prevalent the availability of the full spectrum will provide the opportunity for the merged company to offer consumers even more content.

This merger is in the public interest – the FCC should approve the merger.